

Message Text

LIMITED OFFICIAL USE

PAGE 01 COLOMB 04787 061200Z
ACTION NEA-10

INFO OCT-01 ISO-00 AGRE-00 L-03 H-01 PA-01 PRS-01
OES-07 IGA-02 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 SS-15 STR-05 CEA-01 SSO-00
INRE-00 NSCE-00 USIE-00 NEAE-00 /083 W
-----065958 061214Z /17

O R 061131Z DEC 77
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC IMMEDIATE 8927
INFO AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE COLOMBO 4787

E.O. 11652: N/A
TAGS: EAID, EAGR, CE

SUBJ: PROPOSED FY 1978 PL 480, TITLE I AGREEMENT

REF: (A) COLOMBO 4749; (B) STATE 287159; (C) STATE 279760

1. EMBOFFS MET WITH OFFICIALS OF THE EXTERNAL RESOURCES
DEPARTMENT AND THE FOOD COMMISSIONER'S DEPARTMENT ON DECEMBER
6 FOR THE FIRST ROUND OF TALKS ON THE PROPOSED PL 480, TITLE
I AGREEMENT FOR FY 78.

2. THE SRI LANKAN OFFICIALS REQUESTED TWO CHANGES IN THE TEXT
OF THE AGREEMENT PROVIDED REFTEL C. THE OFFICIALS NOTED THAT
THE MOST RECENT QUOTATIONS FOR AMERICAN FLOUR HAVE BEEN ABOUT
\$180 PER METRIC TON AND THAT US FLOUR PRICES ARE LIKELY TO
RISE EVEN HIGHER. THEY REQUESTED THAT PART II, ITEM II,
MAXIMUM EXPORT MARKET VALUE (MILLIONS) BE INCREASED FROM \$14.0
TO AT LEAST \$18.0. IF THE LIMIT IS LEFT AT \$14.0, SRI LANKA
WOULD BE ABLE TO OBTAIN ONLY 75,000 TO 80,000 METRIC TONS OF
FLOUR UNDER THE AGREEMENT.

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3. IN PART II, ITEM V (B) (5), THE OFFICIALS POINTED OUT
THAT THE GOVERNMENT OF SRI LANKA (GSL) IS PLANNING TO ABOLISH
THE AGRICULTURAL PRODUCTION COUNCILS SO AS TOMODIFY THE PRESENT
STRUCTURE OF THE DISTRICT DEVELOPMENT COUNCILS. THEY SUGGESTED
THE FOLLOWING REPLACEMENT LANGUAGE "ENCOURAGE PARTICIPATION
OF THE RURAL FARMING POPULATION IN THE DECISION MAKING PROCESS

THROUGH INCREASED RELIANCE ON COOPERATIVES AND OTHER DISTRICT
LEVEL ORGANIZATIONS."

4. IN THE FIRST DRAFT OF THE AGREED MINUTES PREPARED ON THE
BASIS OF REFTELS C, D, AND OTHER COMMUNICATIONS FROM THE DE-
PARTMENT, THE GSL OFFICIALS REQUESTED CHANGES IN THE LANGUAGE
PROVIDED IN REFTEL C, SPECIAL NOTES, PARA 7(E). ACCORDING TO
GSL OFFICIALS, SRI LANKA HAS HAD NO PROBLEM WITH DELAYS AT
LOADING PORTS, AND THEY WOULD LIKE TO DROP THE SECOND SENTENCE
OF THAT PARA WHICH READS "THIS HAS RESULTED IN COSTLY CLAIMS BY
VESSEL OWNERS FOR DEMURRAGE AND/OR DETENTION OF CLAIMS AND
CARRYING CHARGES BY COMMODITY SUPPLIERS." IN THE LAST SENTENCE
IN THE SMAE PARA THEY WOULD LIKE TO REPLACE "NOT LATE THAN 48
HOURS PRIOR TO" WITH "AS FAR AS POSSIBLE BEFORE." AS MODIFIED
THIS SENTENCE WOULD READ "AS A CONSEQUENCE, LETTERS OF CREDIT
MUST BE OPENED FOR 100 PERCENT OF THE OCEAN FREIGHT CHARGES IN
FAVOR OF THE SUPPLIER OF OCEAN TRANSPORTATION AS FAR AS POSSIBLE
BEFORE THE VESSEL'S PRESENTATION FOR LOADING."

5. AS EXPECTED, THE GSL OFFICIALS ALSO ASKED THAT SOME MENTION
BE MADE IN THE AGREED MINUTES REGARDING THE SECOND 100,000 TONS
OF FLOUR ALONG THE LINES SUGGESTED BY THE EMBASSY IN REFTEL A.

6. WITH THE ABOVE CHANGES, THE GSL WOULD BE PREPARED TO RE-
QUEST CABINET APPROVAL TO SIGN THE FY 78 AGREEMENT. THE PRO-
CEDURE FOR OBTAINING CABINET APPROVAL REQUIRES ONE TO TWO
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WEEKS.

7. EMBASSY COMMENT. THE EMBASSY BELIEVES THE ABOVE REQUESTS
ARE REASONABLE AND RECOMMENDS WASHINGTON APPROVAL. PLEASE
ADVISE.
WRIGGINS

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NNN

Message Attributes

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ISecure: 1
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